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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2015 - 2017 (U39G).	Application 13-12-012 (Filed December 19, 2013)
And Related Matter	Investigation 14-06-016 (Filed June 26, 2014)

SUPPLEMENTAL OPENING COMMENTS OF THE UTILITY REFORM NETWORK REGARDING NEW RATE TABLES SUPPLIED BY PG&E

TURN
THE UTILITY REFORM NETWORK
Lower bills. Livable planet.

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I. INTRODUCTION

Pursuant to the May 23, 2016 Assigned Commissioner's Ruling, The Utility Reform Network ("TURN") submits the following Supplemental Comments on the new rate tables supplied by Pacific Gas and Electric Company ("PG&E") on May 26, 2016. The new rate tables augment the rate tables attached to the Proposed Decision ("PD") by showing illustrative rates for 2017 and by including the effect of amortizing the unrecovered balance in the Gas Transmission and Storage Memorandum Account ("GTSMA"). The new rate tables show that amortizing the uncollected balance will only make the PD's rate increases even more unaffordable for PG&E's vulnerable customers and further underscore the need for major revisions to the PD to improve affordability and reduce rate shock.

II. AMORTIZATION OF THE UNDERCOLLECTION WORSENS THE ADVERSE EFFECTS OF THE PD'S HUGE RATE INCREASES

Based on the new information, the table below shows the percentage increases that would result from the PD's January 1, 2017 residential rates, as compared to pre-GT&S/2014 GRC levels.

% Increase in Residential Non-Core Rates from 2014 to 2017 Under PD[1]

	Transport Only		Bundled	
	No Amortization	Amortization	No Amortization	Amortization
Without $850M offset (App. J)	79.9%	96.1%	35.9%	45.1%
With $850M offset (App. G)	77.1%	91.2%	33.9%	41.9%

[1] Amortization increases in the table are based on the "end-use rate" method for recovering undercollection amounts (PG&E scenarios A and C). The "no amortization" increases are slightly lower than TURN estimated in its opening comments on the PD in the absence of 2017 data. However, TURN notes that PG&E's 2017 figures do not include any increase to gas distribution rates in 2017, which is likely an unrealistic assumption. In its 2017 GRC (A.15-09-001), PG&E has requested a 4.9% increase to gas distribution rates in 2017.

The key lesson from the table is that the severe impacts from the PD's rates would become even more difficult for vulnerable households to manage when the need to amortize the past undercollections is included. The increase for residential transport only rates (i.e., excluding procurement charges) jumps from 79.9% to 96.1% and for bundled rates, the increase rises to 45.1%. For many customers, these will be unsustainable rate increases that will likely drive an acceleration of PG&E's already steadily increasing disconnections for non-payment of service.

The table also underscores TURN's point that, as currently proposed in the PD, the $850 million offset has only a minor impact on improving the affordability of the PD's rate increases. By heeding the advice of TURN and others to reconsider the allocation of the $850 million offset in a second decision, the Commission would have the opportunity to make better use of this tool to help mitigate rate shock.

Further, the table shows that the adverse rate impacts for residential customers would be even worse if gas commodity costs start to rise. The key reason for the differential between the increases for transport only and bundled rates is PG&E's modeling of reduced gas commodity costs between 2014 and 2017. When gas commodity charges begin to increase again, bundled customers will experience even worse rate hikes that will pose even greater affordability challenges. For this reason, the most accurate indicator of the impact of the PD on residential rates is to focus on transport only rates, which as shown, would increase 91- 96% if the PD were approved in its current form. Does the Commission really think it's reasonable to ask struggling households to pay 96% more for gas service, particularly when much of that increase is necessary to pay for the consequences of PG&E past violations and mismanagement?

III. THE CHOICE OF METHOD FOR RECOVERING THE UNDERCOLLECTION SHOULD BE ADDRESSED IN THE SECOND DECISION AFTER RECEIVING COMMENTS FROM THE PARTIES

PG&E's revised rate appendices document introduces a new issue that, to TURN's knowledge, has yet to be addressed in this proceeding – the method to use to recover the GTSMA undercollection in rates. PG&E identifies two methods: (1) through end-use rates; or (2) through Backbone, Local Transmission, Storage, and Customer Access Charge rates.[2] PG&E's tables show that the choice of method has an impact on rates.[3] Accordingly, the choice of method should be subject to comments.[4]

The need to allow parties to address this issue through comments is yet another reason to defer to a second decision the issues of: (1) the best allocation of the $850 million offset in light of rate shock and tax considerations; and (2) the appropriate amortization period, including the methodology for allocating the undercollection in rates.

Dated: June 2, 2016

Respectfully submitted,

By: __________/s/______________
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[2] PG&E Revised Rate Appendices, p. 1. At this point, TURN does not know if there are other methods, or variants on PG&E's methods, that warrant consideration.
[3] In Appendix J, compare revised Table 1A under Scenarios C and D.
[4] For parties such as TURN that have needed to address almost all issues in this case, including the numerous and complex revenue requirements issues, the post-PD schedule has not afforded sufficient time to analyze this issue. Indeed, the opportunity to file these comments, just two days after reply comments and one day after a three-hour all party meeting, was only provided because TURN and other parties pointed out that they had insufficient time and information to understand basic facts about the rate impacts of the PD.